

Congress of the United States
Washington, DC 20515

September 9, 2009

The Honorable Barack H. Obama
President of the United States
The White House
1600 Pennsylvania Ave. NW
Washington, DC 20500

Dear President Obama:

As you know, American workers in our manufacturing sector have suffered significant job losses for many years and have been especially hard hit in this current recession. It is important that we institute policies that help American manufacturers, and we certainly should not be doing anything that could result in further job losses by making it more difficult for American companies to compete with China, India, or other countries. That is why we are concerned by your recent statement regarding a provision in the American Clean Energy and Security (ACES) Act of 2009 that is designed to prevent American manufacturers from being put at a disadvantage against foreign competition.

On June 28th you questioned the International Reserve Allowance program, saying, "I think we have to be very careful about sending any protectionist signals out there." We believe that without a robust provision guaranteeing that American companies are not put at a disadvantage against foreign competitors, the ACES Act will result in the loss of more American jobs. As this bill moves forward, we ask that you undertake further review of this matter and emphasize that without a provision guaranteeing a level playing field for American manufacturers, we cannot support the ACES Act should it come back to the House of Representatives for a vote.

Members of Congress, led by Congressman Sander Levin, took great care to make sure that the border adjustment provisions in the ACES Act are fully consistent with our WTO obligations. In fact, the recent "Trade and Climate Change" report by the United Nations Environment Programme and the World Trade Organization explicitly recognized that carbon tariffs are legal if their purpose is to level the playing field rather than to favor domestic industries.

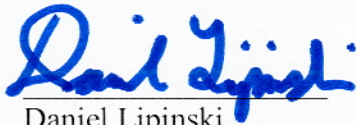
According to the report, "Rules permit, under certain conditions, the use of border tax adjustments on imported and exported products. Indeed, border adjustments on internal taxes are a commonly used measure with respect to domestic indirect taxes on the sale and consumption of goods, such as cigarettes or alcohol. The objective of a border tax adjustment is to level the playing field between taxed domestic industries and untaxed foreign competition by ensuring that internal taxes on products are trade neutral."

Although there are many different perspectives on the ACES Act, we all agree that any climate change legislation needs to protect American manufacturers and American workers. Without border adjustments you give consumers an incentive to purchase products that cause emissions in other countries, putting domestic manufacturers at a systemic disadvantage and likely leading to a sharp rise in imported goods. Not surprisingly, those nations that object to border adjustment are commonly nations that have opposed adopting their own regulations on greenhouse gas emissions.

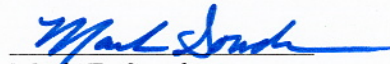
We hope you will not confuse fair play with protectionism. We cannot support a final bill that does not treat American manufacturers fairly, and we urge you to support a fair and equitable solution for American workers.

Thank you for your attention to this important issue.

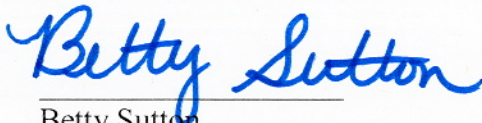
Sincerely,



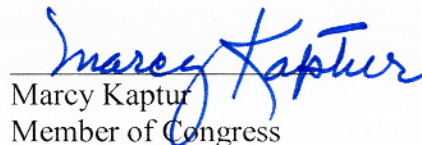
Daniel Lipinski
Member of Congress



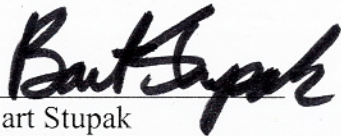
Mark E. Souder
Member of Congress



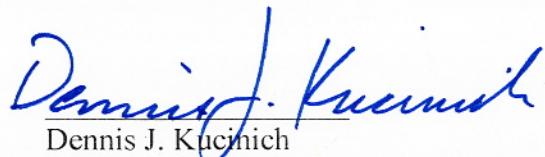
Betty Sutton
Member of Congress



Marcy Kaptur
Member of Congress



Bart Stupak
Member of Congress



Dennis J. Kucinich
Member of Congress

Michael H. Michaud
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John A. Boccieri
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Member of Congress

John P. Murtha
Member of Congress

Louise M. Slaughter
Member of Congress

Cc:
House Speaker Nancy Pelosi
Chairman Henry Waxman